

Message Text

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PAGE 01 STATE 016622
ORIGIN AF-08

INFO OCT-01 ISO-00 L-03 EB-08 ERDA-05 AID-05 CEA-01
CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-07
INT-05 NSAE-00 NSC-05 OMB-01 PM-04 OES-06 SP-02 SS-15
STR-04 TRSE-00 ACDA-07 FEA-01 NSCE-00 SSO-00 USIE-00
INRE-00 PA-01 PRS-01 /093 R

DRAFTED BY AF/W:TWMSMITH:BA
APPROVED BY AF/W-THOMAS W.M. SMITH
AF/W-EESVENDSEN
L/AF-MMATHESEN (SUBS)
EB/IFD/OIA-TBRODERICK (SUBS)
-----252209Z 042459 /72-62
O 252119Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY MONROVIA IMMEDIATE

C O N F I D E N T I A L STATE 016622

E.O. 11652: GDS

TAGS: EGEN, ENRG, LI

SUBJECT: LIBERIA REFINING COMPANY (LRC)

REFS: A) STATE 13630, B) STATE 14440, C) MONROVIA 524,
D) MONROVIA 525, E) MONROVIA 542

1. SCHELLING (SENIOR VICE PRESIDENT AND GENERAL COUNSEL
DYNALECTRON) TELEPHONED AF/W JAN. 25 TO SAY THAT DYNA-
LECTRON HAD NOTIFIED SUN BY LETTER THAT DYNALECTRON DIS-
ASSOCIATED ITSELF FROM SUN'S PLANS TO CLAIM DE FACTO GOL
EXPROPRIATION. SCHELLING SAID HE HAD DISCUSSED THIS
POSITION WITH GLAZIER (VICE PRESIDENT LRC AND PRESIDENT
SUN INTERNATIONAL) BEFORE LATTER'S DEPARTURE FOR
MONROVIA JAN. 24.

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2. SCHELLING SAID DYNALECTRON'S DECISION TO DIS-
ASSOCIATE ITSELF FROM SUN'S PLANS TO CLAIM GOL HAD
EFFECTIVELY EXPROPRIATED LRC BY REFUSING TO ALLOW LRC TO
CHARGE REMUNERATIVE PRICES FOR ITS PRODUCTS AND, MOST
RECENTLY, BY WITHDRAWING LRC'S MONOPOLY OF PRODUCTS LRC
CAPABLE REFINING, WAS NOT INTENDED TO DENY THE VALIDITY

OF SUCH A CLAIM IN THE FUTURE. HOWEVER, DYNALECTRON FEELS GOL SHOULD BE GIVEN A "LAST OPPORTUNITY" TO CORRECT ITS PRICING POLICY. DYNALECTRON BELIEVES THAT, WITHIN

A REASONABLE TIME, THE GOL SHOULD ALLOW LRC TO SET A PRICE STRUCTURE THAT WILL PERMIT THE REFINERY TO MAKE A PROFIT. IN ADDITION, BECAUSE LRC CANNOT OBTAIN COMMERCIAL FINANCING, DYNALECTRON BELIEVES GOL SHOULD PROVIDE ASSISTANCE IN THE FORM OF LOANS OR GUARANTEES AND ALLOW LRC TO INSIST ON PAYMENT FOR PRODUCT IN ADVANCE, OR WITHIN SHORTER DEADLINES, THAN AT PRESENT.

3. DURING THE PRESENT EMERGENCY, WHILE THE REFINERY IS NOT WORKING, DYNALECTRON BELIEVES GOL SHOULD ALLOW LRC TO CHARGE A PRICE FOR PRODUCT THAT WOULD COVER NOT ONLY THE PURCHASE PRICE OF THE PRODUCT BUT ALSO THE "STAND-BY COSTS" OF THE REFINERY, THAT IS THE REFINERY'S PAYROLL AND OTHER COSTS ASSOCIATED WITH KEEPING LRC IN BEING.

4. DYNALECTRON BELIEVES THAT FULFILLMENT OF ABOVE CONDITIONS WOULD REQUIRE GOL TO WITHDRAW ITS DECISION REPORTED REF D TO ALLOW PRINCIPAL CONSUMERS OF PRODUCT IN LIBERIA TO MEET THEIR OWN REQUIREMENTS FROM WORLD MARKET.

5. SCHELLING SAID THAT GLAZIER WOULD CONVEY DYNALECTRON'S POSITION TO GOL IN COURSE OF THE LATTER'S MEETING WITH GOL OFFICIALS JAN. 25 TO 28.

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6. SCHELLING SAID HE PLANNED TO BRIEF LIBERIAN AMBASSADOR IN WASHINGTON DENNIS JANUARY 26 ON DYNALECTRON'S POSITION.

7. WE CONVEYED SUBSTANCE OF REF E TO GLAZIER BEFORE HIS DEPARTURE JAN. 24 AND TO SCHELLING JAN. 25.

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Message Attributes

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Sent Date: 25-Jan-1977 12:00:00 am
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